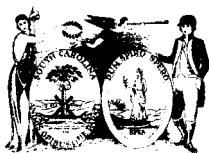


State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

March 22, 2002

Ms. Cindy Hutto, Controller
Bamberg County Hospital
Post Office Drawer 507
Bamberg, South Carolina 29003

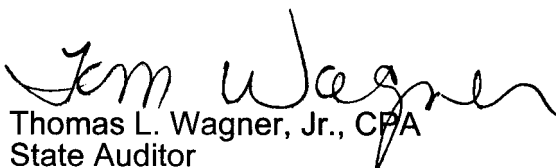
Re: AC# 3-BMB-J7 – Bamberg County d/b/a Bamberg County Memorial Nursing Center

Dear Ms. Hutto:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period October 1, 1996 through September 30, 1997. That report was used to set the rate covering the contract periods beginning October 1, 1998.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/kss

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Joseph Hayes

**BAMBERG COUNTY
D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER**

BAMBERG, SOUTH CAROLINA

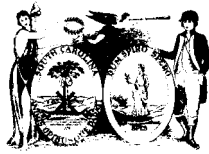
**CONTRACT PERIODS
BEGINNING OCTOBER 1, 1998
AC# 3-BMB-J7**

**AGREED-UPON PROCEDURES REPORT
ON CONTRACT
FOR
PURCHASE OF NURSING CARE SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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State of South Carolina



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

October 23, 2001

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Bamberg County d/b/a Bamberg County Memorial Nursing Center, for the contract periods beginning October 1, 1998, and for the twelve month cost report period ended September 30, 1997, as set forth in the accompanying schedules. The management of Bamberg County d/b/a Bamberg County Memorial Nursing Center is responsible for the Financial and Statistical Report for Nursing Homes and supporting accounting and statistical records. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

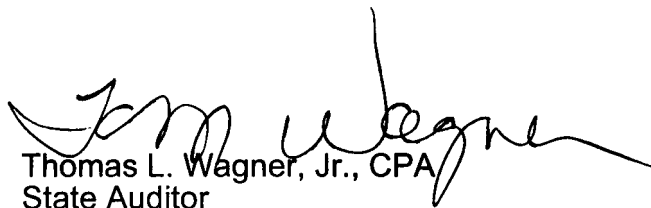
The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Bamberg County d/b/a Bamberg County Memorial Nursing Center, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summary of Costs and Total Patient Days, and Cost of Capital Reimbursement Analysis sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Bamberg County d/b/a Bamberg County Memorial Nursing Center dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
October 23, 2001

These agreed-upon procedures do not constitute an audit of financial statements or any part thereof, the objective of which is the expression of opinion on the financial statements or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.



Thomas L. Wagner, Jr., CPA
State Auditor

BAMBERG COUNTY
D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER

Computation of Rate Change
For the Contract Periods
Beginning October 1, 1998
AC# 3-BMB-J7

	10/01/98- <u>11/30/98</u>	12/01/98- <u>09/30/99</u>
Interim reimbursement rate (1)	\$103.86	\$104.61
Adjusted reimbursement rate	<u>101.03</u>	<u>101.78</u>
Decrease in reimbursement rate	\$ <u><u>2.83</u></u>	\$ <u><u>2.83</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 19, 2000

BAMBERG COUNTY
D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 1998 Through November 30, 1998
 AC# 3-BMB-J7

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$53.01	\$47.40	
Dietary		12.11	10.41	
Laundry/Housekeeping/Maintenance		<u>11.39</u>	<u>7.86</u>	
Subtotal	\$ <u>-</u>	76.51	65.67	\$ 65.67
Administration & Medical Records	\$ <u>-</u>	<u>12.77</u>	<u>11.13</u>	<u>11.13</u>
Subtotal		89.28	<u>\$76.80</u>	76.80
<u>Costs Not Subject to Standards:</u>				
Utilities		3.50		3.50
Special Services		-		-
Medical Supplies & Oxygen		1.46		1.46
Taxes and Insurance		.77		.77
Legal Fees		<u>.09</u>		<u>.09</u>
TOTAL		<u>\$95.10</u>		82.62
Inflation Factor (3.60%)				2.97
Cost of Capital				18.41
Cost of Capital Limitation				(3.22)
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				-
Minimum Wage Add-On				<u>.25</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$101.03</u>

BAMBERG COUNTY
D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER

Computation of Adjusted Reimbursement Rate
For the Contract Periods December 1, 1998 Through September 30, 1999
AC# 3-BMB-J7

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
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General Services		\$53.01	\$47.40	
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Inflation Factor (3.60%)				2.97
Cost of Capital				18.41
Cost of Capital Limitation				(3.22)
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				-
CNA Add-On				.75
Minimum Wage Add-On				<u>.25</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$101.78</u>

BAMBERG COUNTY
D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 1997
 AC# 3-BMB-J7

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
General Services	\$ 822,166	\$ 27,823 (1)	\$ -	\$ 849,989
Dietary	266,364	-	72,217 (1)	194,147
Laundry	10,430	-	1,452 (1)	8,978
Housekeeping	94,690	-	13,703 (1)	80,987
Maintenance	69,766	22,866 (1)	-	92,632
Administration and Medical Records	136,591	68,139 (1)	-	204,730
Utilities	99,539	-	43,365 (1)	56,174
Special Services	-	-	-	-
Medical Supplies & Oxygen	61,407	-	37,963 (1)	23,444
Taxes and Insurance	26,091	-	13,746 (1)	12,345
Legal Fees	-	1,451 (1)	-	1,451
Cost of Capital	207,012	45,762 (1) 42,391 (2)	-	295,165
Subtotal	1,794,056	208,432	182,446	1,820,042
Ancillary	4,617	44,897 (1)	-	49,514

BAMBERG COUNTY
D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 1997
 AC# 3-BMB-J7

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
Non Allowable	<u>57,822</u>	<u>39,435</u> (1)	<u>42,391</u> (2)	<u>54,866</u>
Total Operating Expenses	<u>\$1,856,495</u>	<u>\$292,764</u>	<u>\$224,837</u>	<u>\$1,924,422</u>
Total Patient Days	<u>16,035</u>	<u>-</u>	<u>-</u>	<u>16,035</u>
Total Beds	<u>44</u>			

BAMBERG COUNTY
D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER
Adjustment Report
Cost Report Period Ended September 30, 1997
AC# 3-BMB-J7

ADJUSTMENT			
<u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	General Services	\$ 27,823	
	Maintenance	22,866	
	Administration	68,139	
	Legal	1,451	
	Cost of Capital	45,762	
	Ancillary	44,897	
	Nonallowable	39,435	
	Other Equity		\$ 67,927
	Dietary		72,217
	Laundry		1,452
	Housekeeping		13,703
	Utilities		43,365
	Medical Supplies		37,963
	Taxes and Insurance		13,746
	To adjust cost centers to amounts per the as filed Medicare cost report HIM-15-1, Section 2300		
2	Cost of Capital	42,391	
	Nonallowable		42,391
	To adjust capital return State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	\$292,764	\$292,764

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

BAMBERG COUNTY
D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 1997
 AC# 3-BMB-J7

	<u>Old Beds</u>	<u>New Beds</u>	
Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.1814</u>	<u>2.1814</u>	
Deemed Asset Value (Per Bed)	34,069	34,069	
Number of Beds	<u>22</u>	<u>22</u>	
Deemed Asset Value	749,518	749,518	
Improvements Since 1981	239,743	27,679	
Accumulated Depreciation at 9/30/97	<u>(356,601)</u>	<u>(221,066)</u>	
Deemed Depreciated Value	632,660	556,131	
Market Rate of Return	<u>0.067</u>	<u>0.067</u>	
Total Annual Return	42,388	37,261	
Return Applicable to Non-Reimbursable Cost Centers	-	-	
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	
Allowable Annual Return	42,388	37,261	
Depreciation Expense	109,699	117,118	
Amortization Expense	-	-	
Capital Related Income Offsets	(6,014)	(5,287)	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	146,073	149,092	\$295,165
Total Patient Days (Actual Days)	<u>8,017</u>	<u>8,018</u>	<u>16,035</u>
Cost of Capital Per Diem	\$ <u>18.22</u>	\$ <u>18.59</u>	\$ <u>18.41</u>

BAMBERG COUNTY
D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 1997
AC# 3-BMB-J7

	<u>Old Beds</u>	<u>New Beds</u>
6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$ 7.79	\$ N/A
Adjustment for Maximum Increase	<u>3.99</u>	<u>N/A</u>
Maximum Cost of Capital Per Diem	\$ <u>11.78</u>	\$ <u>18.59</u>
Weighted Average Reimbursable Cost of Capital Per Diem	\$15.19	
Cost of Capital Per Diem	<u>18.41</u>	
Cost of Capital Per Diem Limitation	\$ <u>(3.22)</u>	

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